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**九龍建業有限公司**  
**KOWLOON DEVELOPMENT COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 34)**

**DISCLOSEABLE TRANSACTION**

**ACCEPTANCE OF THE LAND EXCHANGE OFFER**

**Acceptance of the Land Exchange Offer**

On 29 October 2021, the Grantees, two indirect wholly-owned subsidiaries of the Company, as tenants in common, accepted the Land Exchange Offer under the Offer Letter, pursuant to which the Grantees will surrender the Surrendered Lot to the Government and the Government will grant the Re-granted Lot to the Grantees for a premium of HK\$9,658,000,000 subject to the terms and conditions of the Agreement. The development of the Re-granted Lot will comprise the Residential Portion for development of private residential properties and the Commercial Portion for development of non-industrial (excluding private residential, etc.) properties.

**Listing Rules Implications**

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the portion of the land premium attributable to the Commercial Portion exceeds 5% but is less than 25%, the Land Exchange constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

**LAND EXCHANGE**

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The principal terms of the Offer Letter are summarised as follows.

**The Surrendered Lot**

The Surrendered Lot is located at No. 35 Clear Water Bay Road, Ngau Chi Wan, Kowloon, Hong Kong and has a total site area of about 19,335.5 square metres.

## **The Regranted Lot**

The Regranted Lot is to be known and registered at the Land Registry as New Kowloon Inland Lot No. 6458 and has a total site area of about 22,373 square metres.

## **Lease Term**

The lease term of the Regranted Lot is 50 years commencing from the date of the Agreement.

## **User and Gross Floor Area**

The permitted user of the Regranted Lot is non-industrial (excluding godown, hotel and petrol filling station) purposes. The total gross floor area shall not be less than 120,585 square metres and shall not exceed 200,975 square metres provided that:

- (i) the gross floor area of any building(s) for private residential purposes, being the Residential Portion, shall not be less than 82,320 square metres and shall not exceed 137,200 square metres; and
- (ii) the gross floor area of any building(s) for non-industrial (excluding private residential, etc.) purposes, being the Commercial Portion, shall not be less than 38,265 square metres and shall not exceed 63,775 square metres.

## **Land Premium and Rent**

The amount of the land premium payable for the Land Exchange is HK\$9,658,000,000, which shall be paid in the following manner:

- (i) the amount of HK\$965,800,000, representing 10% of the land premium, shall be paid as deposit upon the Grantees' acceptance of the Land Exchange Offer under the Offer Letter on or before 29 October 2021. Such payment was made upon the Grantees' acceptance of the Land Exchange Offer under the Offer Letter; and
- (ii) the balance shall be paid within 28 days from the date upon which the relevant document relating to the Land Exchange Offer is sent by the Government to the Grantees for execution, or within 3 calendar months from the date of receipt by the Government of the Grantees' acceptance of the Land Exchange Offer under the Offer Letter, whichever is the earlier.

Out of the total amount of the land premium payable for the Land Exchange, HK\$989,945,000 is attributable to the Commercial Portion.

The Grantees' payment of the land premium has been (in the case of the deposit) and will be (in the case of the balance) financed by the internal resources of the Group and/or external bank borrowings as deemed appropriate by the Directors.

The rent for the Regranted Lot is an amount equal to 3% of the rateable value from time to time of the Regranted Lot commencing from the date of the Agreement.

## **Deed of Guarantee and Undertaking**

The Grantees shall procure the Company to enter into a deed of guarantee and undertaking with the Government to guarantee the due performance by the Grantees of their obligations, undertakings and covenants of the Agreement within 28 days from the date upon which the relevant document relating to the Land Exchange Offer is sent by the Government to the Grantees for execution, or within 3 calendar months from the date of receipt by the Government of the Grantees' acceptance of the Land Exchange Offer under the Offer Letter, whichever is the earlier.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in property development, property investment and property management in Hong Kong and Mainland China. It is also engaged in financial investments and investment holding.

Each of Best Power and Jumbo Power is an indirect wholly-owned subsidiary of the Company. Best Power is principally engaged in property development and Jumbo Power is principally engaged in property development and investment.

## **REASONS FOR AND BENEFITS OF THE LAND EXCHANGE**

The Re-granted Lot is expected to be developed into a development comprising 5 residential towers over a retail shopping mall after the completion of the Land Exchange. With the development of the Re-granted Lot, it is expected to bring synergy to the Company's property portfolio, enhance its income revenue and yield long-term return for the shareholders of the Company. The Company's development landbank and foundation will also be further broadened and strengthened as a result.

The Directors (including the independent non-executive Directors) consider that the Land Exchange is entered into in the Group's ordinary and usual course of business and that the terms thereof are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Residential Portion is for the purposes of development of private residential properties which is of a revenue nature in the ordinary and usual course of business of the Group and therefore falls under the exclusion in Rule 14.04(1)(g) of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the portion of the land premium attributable to the Commercial Portion exceeds 5% but is less than 25%, the Land Exchange constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings as set out below unless the context otherwise requires:

“Agreement”	the Memorandum of Agreement and the Particulars and Conditions of Exchange attached to the Offer Letter, which shall be executed by the Grantees within 28 days from the date upon which the relevant document relating to the Land Exchange Offer is sent by the Government to the Grantees for execution, or within 3 calendar months from the date of receipt by the Government of the Grantees’ acceptance of the Land Exchange Offer under the Offer Letter, whichever is the earlier;
“Best Power”	Best Power (Asia) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Commercial Portion”	the portion of the development of the Regranted Lot for development of non-industrial (excluding private residential, etc.) properties;
“Company”	Kowloon Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 34);
“Directors”	the directors of the Company;
“Government”	the Government of Hong Kong;
“Grantees”	collectively, Best Power and Jumbo Power;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Jumbo Power”	Jumbo Power Enterprises Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Land Exchange”	the surrender of the Surrendered Lot and the re-grant of the Regranted Lot for a premium of HK\$9,658,000,000 pursuant to the Offer Letter, certain terms and conditions of which are set out in this announcement;

“Land Exchange Offer”	the revised offer from the Government to the Grantees in relation to the Land Exchange under the Offer Letter;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offer Letter”	the letter dated 11 October 2021 from the Government to the Grantees containing the Land Exchange Offer;
“Regranted Lot”	a lot to be known and registered at the Land Registry as New Kowloon Inland Lot No. 6458;
“Residential Portion”	the portion of the development of the Regranted Lot for development of private residential properties;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Surrendered Lot”	the lots known as Lot No. 1904; Lot No. 1905; section A and the remaining portion of Lot No. 1906; and section C and the remaining portion of Lot No. 1907, all in Survey District No. 2.

By Order of the Board  
**Kowloon Development Company Limited**  
**Or Wai Sheun**  
*Chairman*

Hong Kong, 29 October 2021

*As at the date of this announcement, the Directors of the Company are Mr Or Wai Sheun (Chairman), Mr Lai Ka Fai, Mr Or Pui Kwan and Mr Lam Yung Hei as Executive Directors; Ms Ng Chi Man and Mr Yeung Kwok Kwong as Non-executive Directors; and Mr Li Kwok Sing, Aubrey, Mr Lok Kung Chin, Hardy, Mr Seto Gin Chung, John and Mr David John Shaw as Independent Non-executive Directors.*